



U.S.-PANAMA TRADE PROMOTION AGREEMENT

North Carolina Farmers Will Benefit

September 2011

The U.S. agricultural sector has a great deal to gain from the pending U.S.-Panama Trade Promotion Agreement, known as the Panama TPA. The agreement will immediately eliminate duties on nearly 50 percent of current U.S. exports and gives U.S. exporters improved access to the Panamanian market for many products that have been highly protected. U.S. agricultural exports to Panama in 2010 exceeded \$450 million.

The Panama TPA agreement eliminates tariffs and other barriers on most agricultural products, increasing export opportunities for a range of North Carolina's agricultural products, including poultry, pork, and soybeans. North Carolina's agricultural exports to all countries, estimated at \$2.7 billion in 2010, supported about 22,700 jobs, on and off the farm. These export sales make an important contribution to the North Carolina farm economy, which had total cash receipts of \$9.7 billion in 2010.

Poultry and Eggs

- The 260-percent tariff currently applied to chicken cuts will be eliminated immediately for mechanically deboned chicken, within 5 years for wings, and within 10 years for other chicken cuts except leg quarters.
- For chicken leg quarters, Panama will provide immediate duty-free access within a preferential tariff-rate quota (TRQ) that starts at 660 metric tons and grows 10 percent annually. The 260-percent over-quota tariff will be eliminated in 18 years.
- U.S. poultry exporters will continue to have access to the global 756-ton TRQ for chicken cuts that is part of Panama's World Trade Organization (WTO) commitments.
- Panama will immediately eliminate its 15-percent duties on turkey meat for frozen whole turkeys and most frozen turkey cuts. The 15-percent tariffs on processed turkey and chicken will be eliminated within 5 years.
- Panama has already implemented a December 2006 bilateral agreement with the United States on sanitary/phytosanitary measures (SPS), recognizing the equivalence of the U.S. meat inspection system and thereby allowing U.S. inspectors to certify poultry for export to Panama without having each facility and shipment inspected by Panamanian authorities.

Pork

- Panama will provide immediate duty-free access, within preferential TRQs, for 2,554 metric tons of U.S. pork products, including 1,600 tons of fresh and frozen pork cuts, 636 tons of pork fat and bacon, and 318 tons of processed pork. Most of these products currently face tariffs of 70 percent. The TRQ quantities will expand and over-quota tariffs will be eliminated in 15 years.
- Panama will immediately eliminate its 10-percent tariff on pork variety meats.
- Panama has already implemented a December 2006 bilateral agreement with the United States on SPS, recognizing the equivalence of the U.S. meat inspection system and thereby allowing U.S. inspectors to certify pork for export to Panama without having each facility and shipment inspected by Panamanian authorities.

Tobacco

- Panama's currently applied tariff on tobacco is zero. Under the Panama TPA, Panama will immediately lock in this duty-free treatment. Tobacco products will enter duty free immediately upon implementation of the agreement.

- Under the Panama TPA, the United States will phase-out the WTO over-quota tariff on tobacco over 15 years, with no cuts during the first five years, and will continue to provide zero-duty treatment that Panama currently receives under the Caribbean Basin Initiative (CBI) on the in-quota tariff.

Soybeans and Products

- Panama's current zero-tariff treatment for soybeans and soybean meal will be locked in place immediately upon implementation of the agreement.
- The current zero-tariff treatment for crude soybean oil will also be locked in place immediately, while the 20-percent tariff on refined soybean oil will be phased out in 15 years.

North Carolina Principal Agricultural Products and Exports, 2010		
Product	Cash Receipts (2010 calendar year)	Exports (2010 fiscal year)
Total	\$9.7 billion	\$2.7 billion
Poultry and Egg Products	\$3.5 billion	\$428 million
Hogs and Pork	\$2.2 billion	\$556 million
Tobacco	\$589 million	\$601 million
Soybeans and Products	\$512million	\$267 million
	Source: USDA-NASS	Source: USDA-ERS

For questions about the U.S.-Panama Trade Promotion Agreement and its impact on U.S. agriculture, please contact FAS Public Affairs at (202) 720-7115 or LPA@fas.usda.gov.